

TESTIMONY OF

Stacey Breuer, Chief People Officer, Human Resource Management Services

Good morning, Chairman Howe and members of the committee. I am Stacey Breuer, Chief People Officer in Human Resources Management Services, a division of the Office of Management and Budget. I will present a report on three items as listed on today's agenda:

- Bonuses provided by state agencies to recruit and retain employees in hard-to-fill positions
- Employer-paid costs of training or education courses
- Employer-paid costs for dues of professional organizations and service clubs

This is the same information that was presented to the Employee Benefits Programs Committee in October of last year.

First, I will present an overview of the program that allows agencies to provide bonuses to recruit or retain employees in hard-to-fill positions per NDCC 54-06-31. Specifically, this statute authorizes the following:

State employee recruitment and retention bonus programs - Criteria -Limitations.

State agencies may develop programs to provide bonuses to recruit or retain employees in hard-to-fill occupations.

1. State agencies may pay recruitment and retention bonuses under this section only if:
 - a. The agency has a written policy in place identifying eligible positions or occupations and provisions for providing and receiving bonuses.
 - b. The agency has filed a copy of the written policy with the North Dakota human resource management services; and
 - c. The agency reports to the North Dakota human resource management services each bonus provided to an employee under the program.
2. State agencies must fund bonus programs from within the agency budget for salaries and wages.
3. The North Dakota human resource management services shall report periodically to legislative management on the implementation, progress, and bonuses provided under agency recruitment and retention bonus programs.
4. Bonuses paid under this section are not fiscal irregularities per 54-14-03.1.

5. As used in this section, a hard-to-fill occupation includes an occupation or position in which demand exceeds supply, special qualifications are required, competition with other employers is the strongest, there is a risk of losing an incumbent with rare skills, the position is filled by a highly skilled employee who is in high demand in the marketplace, loss of the employee would result in significant replacement costs, the position is filled by key personnel, or the position has other unique recruitment or retention issues identified and documented by the appointing authority.

The statute was enacted in 1999 and gives agencies the authority to utilize recruitment, referral, and retention bonus payments as a compensation tool to maintain the necessary staffing levels to meet their business needs. A bonus can be one element of an effective well-designed salary plan; however, it does not replace a competitive base pay plan.

A detailed report showing the total number and dollar amounts each agency paid per bonus type for the last fiscal year is provided in the attached Exhibit 1. In addition, in Exhibit 2 we provide a history of the bonus payment information back to the 2015-17 biennium for comparative purposes.

Only the agencies that provided these types of bonuses during this period are listed in the report.

Focusing on the bonus payments made during the 2019-2021 biennium:

- **Thirteen agencies made 301 recruitment bonus payments totaling \$1,063,042.**
 - The Department of Human Services (DHS) made 165 payments for a total of \$806,402 (averaging \$4,887).
 - 84 of these payments totaling \$107,167 were made to individuals hired into positions doing Direct Care Associate work. The bonuses averaged \$1276.
 - 41 of these payments totaling \$420,611 were made to individuals hired into the Medical Services classification (i.e., nurses, psychologists, physicians), with the average bonus being \$10,259.
 - Corrections made 72 payments totaling \$63,750 (avg. \$885).
 - Highway Patrol made 35 payments totaling \$67,500 (avg \$1,929)
- **Three agencies made 44 referral bonus payments totaling \$17,800.** This includes 36 made by Corrections, with an average of \$369.
- **Twenty agencies made 686 retention bonus payments totaling \$3,382,526 (net of negative bonuses).**
 - Human Services had 223 payments totaling \$1,399,980 (averaging \$6,278).

- Industrial Commission / Mineral Resources had 174 payments for \$735,735 total (averaging \$4,228).
 - Veterans Home had 89 payments for \$295,471 total (averaging \$3,320)
 - Information Technology had 77 payments for \$183,209 total (averaging \$2,379).
 - Other agencies with double-digit retention bonuses given were 31 from the State Auditor (\$108,900, avg \$3,513), 24 from the Bank of North Dakota (\$188,514, avg \$7,855), 18 from Financial Institutions (\$225,434, avg \$12,524), and 10 from Environmental Quality (\$64,250, avg \$6,425).
- **Please note that the report includes some negative bonuses, where all or a portion of a bonus was forfeited when an employee terminated before the end of the commitment period.**

The second part of the report provides you with information about what state agencies have provided for employee service awards (NDCC 54-06-32); employer-paid costs of training or educational courses to employees (NDCC 54- 06-33); and employer-paid employee membership dues for professional organizations and service clubs when required to do business or if the membership is primarily for the benefit of the state (NDCC 54-06-34). This information is shown in the attached Exhibit 3, along with the number of authorized agency FTE's for the 2019-21 biennium.

This concludes my testimony. I would be happy to answer any questions you have at this time.

EXHIBIT 1:
RECRUITMENT RETENTION BONUS REPORT SUMMARY

Agency	2019-21 Agency Authorized FTE	7-1-19 to 6-30-21 (BIENNIUM TOTAL)					
		Recruit		Referral		Retain	
		#	\$	#	\$	#	\$
Ag Dept	78.00					6	\$60,000
Bank of ND	181.50			1	\$1,000	24	\$188,514
Corrections & Rehab	899.79	72	\$63,750	36	\$13,300	1	\$4,126
Environmental Quality	165.50	2	\$12,500			10	\$64,250
Financial Institutions	31.00	1	\$5,834			18	\$225,434
Governor's Office	18.00	1	\$1,000				
Health Dept	204.00	2	\$50,832			8	\$46,858
Highway Patrol	197.00	35	\$67,500				
Historical	75.00					7	\$17,500
Human Services	2230.23	165	\$806,402			223	\$1,399,980
Ind Cmsn / Mineral Resources	112.25					174	\$735,735
Info Tech Division	402.00	16	\$32,500			77	\$183,209
Insurance Department	41.00					2	\$5,500
Legal Counsel for Indigents	40.00					4	\$7,580
OMB	112.00	1	\$5,000			6	\$20,417
Parks & Recreation	61.50	1	\$5,000				
Public Instruction	89.25					1	\$5,000
RIO	20.00	1	\$5,000				
Soybean	5.00					1	\$3,000
State Auditor	58.00					31	\$108,900
State Treasurer	7.00					1	\$8,402
Trust Lands	28.00					1	(\$3,850)
Veterans Home	120.72	1	\$682			89	\$295,471
Water Resources	90.00					2	\$5,000
WSI	260.14	3	\$7,042	7	\$3,500	1	\$1,500
TOTAL		301	\$1,063,042	44	\$17,800	687	\$3,382,526

NOTES:

- * Amounts paid are rounded to the full dollar values
- * Agencies are listed only if they provided these types of bonuses during this period
- * Report includes some negative bonuses, where all or a portion of a bonus was forfeited when an employee terminated before the end of the commitment period

EXHIBIT 2:
RECRUITMENT RETENTION BONUS REPORT SUMMARY
7-1-15 TO 6-30-21

	7-1-15 to 6-30-17 (BIENNIUM TOTAL)						7-1-17 to 6-30-19 (BIENNIUM TOTAL)						7-1-19 to 6-30-21 (BIENNIUM TOTAL)					
Agency	Recruit		Referral		Retain		Recruit		Referral		Retain		Recruit		Referral		Retain	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Ag Dept					1	\$4,000					22	\$185,000					6	\$60,000
Bank of ND	10	\$49,725			5	\$37,284	1	\$3,125			15	\$78,117			1	\$1,000	24	\$188,514
Commerce Dept					1	\$25,450					3	\$10,500						
Corrections & Rehab	3	\$2,667	13	\$2,600			3	\$3,750	15	\$3,000	1	\$10,000	72	\$63,750	36	\$13,300	1	\$4,126
Environmental Quality													2	\$12,500			10	\$64,250
Financial Institutions													1	\$5,834			18	\$225,434
Governor's Office					1	(\$5,339)							1	\$1,000				
Health Dept	18	\$77,384			9	\$52,031	2	\$8,609			23	\$144,231	2	\$50,832			8	\$46,858
Highway Patrol			3	\$1,500					2	\$1,000			35	\$67,500				
Historical																	7	\$17,500
Human Services	217	\$389,166	70	\$52,800	18	\$167,315	172	\$488,825			57	\$418,500	165	\$806,402			223	\$1,399,980
Ind Cmsn / Mineral Resources	2	\$3,000			190	\$607,230					182	\$685,999					174	\$735,735
Info Tech Division	17	\$24,500					8	\$19,000			2	\$19,000	16	\$32,500			77	\$183,209
Insurance Department																	2	\$5,500
Legal Counsel for Indigents											4	\$23,180					4	\$7,580
OMB											6	\$15,000	1	\$5,000			6	\$20,417
Parks & Recreation													1	\$5,000				
Public Instruction							1	\$2,000			4	\$17,500					1	\$5,000
RIO											8	\$39,696	1	\$5,000				
Soybean																	1	\$3,000
State Auditor					19	\$47,000					4	\$12,000					31	\$108,900
State Treasurer											1	\$8,036					1	\$8,402
Transportation	45	\$171,992																
Trust Lands											1	\$6,600					1	(\$3,850)
Veterans Home													1	\$682			89	\$295,471
Veterans Affairs											2	\$7,649						
Water Resources																	2	\$5,000
WSI	9	\$22,746	3	\$2,500	1	(\$1,250)							3	\$7,042	7	\$3,500	1	\$1,500
TOTAL	321	\$741,179	89	\$59,400	245	\$933,721	187	\$525,309	17	\$4,000	335	\$1,681,008	301	\$1,063,042	44	\$17,800	687	\$3,382,526

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EXHIBIT 3:

STATE EMPLOYEE SERVICE AWARDS, EMPLOYER-PAID TUITION, & EMPLOYER-PAID PROFESSIONAL ORGANIZATION MEMBERSHIP & SERVICE CLUB DUES

7-1-19 TO 6-30-21

(NDCC 54-06-32 to 54-06-34)

Agency	2019-2021 Authorized FTE's	State Employee Service Awards (\$ amount)	Employer-Paid Costs of Training or Educational Courses, Including Tuition and Fees (\$ amount)	Employer-Paid Professional Organizational Membership & Service Club Dues for Individuals (\$ amount)
101 Governor's Office	18.00		1,609.10	400.00
108 Secretary of State	32.00	1,721.00	1,234.80	12,878.00
110 Office of Management & Budget	112.00	7,296.93	22,660.30	9,548.28
112 Information Technology Dept	402.00	15,581.05	250,592.36	91,342.15
117 State Auditor's Office	58.00	4,403.50	35,667.14	11,548.00
120 State Treasurer	7.00	200.00	1,104.00	6,720.00
125 Attorney General	246.00		7,252.50	32,075.00
127 State Tax Commissioner	123.00	11,596.00	45,191.49	3,685.00
140 Administrative Hearings	5.00	1,290.39		
180 State Courts	363.00	18,976.10	148,025.59	334,203.91
188 Legal Counsel for Indigents	40.00		1,639.00	18,725.35
190 Retirement & Investment Office	20.00	1,461.00	19,523.90	15,190.00
192 Public Employees Retire System	34.50	1,435.00	9,580.75	25,370.98
195 Ethics Commission	2.00			445.00
201 Public Instruction	89.25	5,058.24	8,411.55	41,249.75
226 Department of Trust Lands	28.00	1,987.65	8,952.73	7,745.00
250 Library, State	27.75	2,450.10		24,411.00
252 School for the Deaf	44.61		3,488.08	
253 School for the Blind	27.90		5,398.62	2,890.00
270 Career and Technical Education	52.30	3,096.13	2,854.00	6,289.00
301 Health Department	204.00	8,196.50	179,735.40	51,201.74
303 Environmental Quality	165.50	12,545.00	74,726.54	4,985.00
313 ND Veterans' Home	120.72	5,403.95	10,154.42	1,959.00
316 Indian Affairs Commission	4.00		2,863.91	
321 Veterans Affairs	7.00			4,525.00
325 Human Services	2,230.23	112,130.00	462,242.90	33,549.19
360 Protection and Advocacy	28.50	2,939.17		
380 Job Service	172.61	13,486.00	7,961.00	425.00
401 Insurance Commissioner	41.00	1,244.95	9,880.23	5,940.00
40500 Industrial Commission	112.25	4,382.51	17,575.42	17,500.00
40600 Labor & Human Right	14.00	725.00	4,081.82	
408 Public Service Commission	43.00	3,429.50	1,075.00	3,180.46
412 Aeronautics Commission	7.00	150.00		
413 Financial Institutions	31.00		1,760.00	
414 Securities Department	10.00	900.00	19,221.69	5,927.00
485 Workforce Safety & Insurance	260.14	22,729.56	137,097.00	85,088.06
504 Highway Patrol	197.00		424,592.48	41,223.42
530 Dept. of Corrections & Rehab.	899.79	52,032.39	207,278.68	153,331.09

540 Adjutant General	222.00	13,784.90	3,412,894.77	28,468.95
601 Department of Commerce	61.80	2,175.80	14,723.72	1,261.00
602 Department of Agriculture	78.00	4,586.00	16,539.92	33,562.61
607 Milk Marketing Board		500.00		
616 State Seed Department		2,207.50		1,440.00
701 State Historical Society	75.00	5,851.75	25,760.70	1,478.00
720 Game and Fish Department	165.00	14,853.60	4,255.00	125,203.13
750 Parks & Recreation	61.50	7,279.77	6,383.18	5,351.00
770 Department of Water Resources	90.00	6,350.00	4,670.90	7,448.00
801 Department of Transportation	982.00	62,930.00	411,133.46	35,185.90
GRAND TOTALS		437,366.94	6,029,794.05	1,292,949.97